

**Level 3 Certificate of Professional
Competence for Transport Managers
(Road Haulage) Unit R2 Case Study**

05689

**Friday 13 September 2019
1.00 PM – 3.15 PM**

Time Allowed: 2 hours 15 minutes

Case Study

This document consists of 8 pages. Any blank pages are indicated.

Background

OCR Widget Company Ltd was incorporated in April 2002 as a widget manufacturing company. It has held a Restricted operator licence since February 2012, authorising five goods vehicles and no trailers.

Group reorganisation

In 2017, the company's board decided to separate its transport and manufacturing operations with a view to growing each separately. Two wholly-owned subsidiary companies were formed in November 2017, OCR Transport Ltd and OCR Manufacturing Ltd.

OCR Widget Company Ltd has become a holding company. It has maintained a bank balance of around £100 over the last two years and has no borrowing facility (no overdraft, loans or similar). The two subsidiary companies have average bank balances of over £100,000 each. David Smith is the Managing Director of all three companies.

Since 2017 the group has been operating three goods vehicles. Ownership of these vehicles was transferred to OCR Transport Ltd in December 2017. The vehicles currently only carry goods manufactured by OCR Manufacturing Ltd.

The OCR group is based in a large industrial unit on a trading estate in Wolverhampton, which is its operating centre. It has off-road parking spaces for 20 goods vehicles.

OCR Widget Company Ltd uses the Traffic Commissioners' online system to make notifications and applications. The most recent operator licence renewal, in February 2017, was the last communication between any of the group's companies and the Office of the Traffic Commissioner.

Your position

You recently joined OCR Transport Ltd as Transport Supervisor. You have passed your Transport Manager Certificate of Professional Competence exams and have been promised that if a transport manager is required you will be promoted to that role. Should the company be successful in its planned expansion, you will be promoted to become a director of OCR Transport Ltd at the end of next year.

Audit

In your first week of work you have examined the maintenance files and tachograph records. You have noticed that:

- the tyre depths given on inspection reports indicate that tyre replacements have taken place between inspections.
- there are no reports from tyre fitters or details of wheel nut re-torque completions.
- many of the rectified defects that appear on inspection reports should have been reported by the drivers.
- the drivers complete a nil defect report each day but that very few defects have been identified by any drivers in the past year.
- recently, one of your vehicles was given a PG9 (S-rated) for exposed corroded cords showing in the outer side wall of a damaged tyre.
- drivers do not appear to be recording other work on their tachographs at the start of each day and that they tend to leave the operating centre within a few minutes of their start time.
- drivers often do not enter vehicle odometer readings onto their defect reports.
- defects appear to be reported inconsistently; for example a damaged step was reported on a Monday and Wednesday but not on the Tuesday of that week.

ABEC Manufacturing Ltd (ABEC)

ABEC supplies cylinders of non-flammable compressed gases (Class 2 regulated dangerous goods) manufactured at its premises in Walsall. It operates one articulated vehicle under a Restricted operator licence but its only driver has given notice that she is retiring at the end of this month. ABEC is therefore looking to surrender its operator licence, sell the vehicle and outsource its transport operation to OCR Transport Ltd. ABEC's Managing Director (Bill Jones) has asked for a daily traction-only service, operating on 260 days each year, to start as soon as possible.

ABEC's DGSA has agreed to act for you at no cost since the only dangerous goods you will transport are the gas cylinders.

Bill Jones realises that you may wish to park the tractor unit at ABEC's premises from time to time and has offered to work with you to assist in any application required to allow this.

Driver training

Bill Jones has given you details of the training company he uses. The information includes the following costs per candidate for the four-day driver ADR course, including training and exams:

- Core £200
- Packages £20
- Class 2 £20

You will start by training two drivers and will seek to recover that cost by adding a charge to all ABEC deliveries over the duration of the drivers' qualification.

ADR equipment and PPE for two vehicles will be provided by ABEC as part of the proposed transport contract.

OCR Transport Ltd routes

OCR Transport Ltd currently operates a weekly delivery from Wolverhampton to Southampton using a 7,500kg GVW vehicle. David Smith believes that this route can be combined with a regular delivery that ABEC makes to Ryde (Isle of Wight), currently using ABEC's articulated combination.

You have obtained the following information:

- ABEC's Walsall site is 10km from OCR Transport Ltd's Wolverhampton operating centre.
- Coupling the trailer at Walsall (pre-loaded with goods for delivery to Ryde) will take 20 minutes including walkaround checks. The vehicle will then return to Wolverhampton.
- Loading of the OCR goods at Wolverhampton (for delivery to Southampton) will take ten minutes. The driver is not required to assist.
- A further ten minutes must be scheduled for the driver to check paperwork and secure the goods loaded at Wolverhampton.
- The delivery point in Southampton is 245km from OCR's Wolverhampton operating centre.
- Unloading at Southampton will take one hour and the driver will be required to assist.
- The 5km journey from the Southampton delivery point to the port, together with checking in and embarkation, will take a combined 30 minutes, to be scheduled as driving time.
- The driver will be required to embark immediately upon arrival.
- The Southampton – Cowes ferry will be used on outward and return journeys. The ferry journey takes one hour and leaves on the hour, every hour.
- The Ryde delivery point is 20km from Cowes.
- The journey from Cowes to Ryde, including disembarkation, will take 40 minutes, to be scheduled as driving time.
- The driver will return to Walsall directly from Ryde, where another pre-loaded trailer will be collected for the following day's work.
- ABEC's Walsall site is 250km from Southampton.

OCR Transport Ltd's scheduling policies

- All schedules must include 25 minutes at the start of each day for the drivers to collect paperwork, plan their routes and check their tractor units.
- Breaks may only be taken at customer sites, ports or on ferries.
- Drivers must be scheduled to take breaks when they are at loading or unloading sites and are not required to assist. Otherwise, all breaks must be taken as late as possible and for the shortest possible time.
- All urban journeys (e.g. Wolverhampton to Walsall) must be scheduled at an average speed of 40kph.
- All motorway journeys (e.g. to and from Southampton) must be scheduled at an average speed of 70kph.

Costing

ABEC has offered OCR Transport Ltd its three-axle (eight wheel) tractor unit for £75,000 excluding tyres. ABEC will retain ownership of its trailers which will remain based at its premises. The tractor unit is usually to be parked at OCR Transport Ltd's Wolverhampton operating centre when not in use. David Smith has been advised that the residual value of the tractor unit is likely to be £25,000 in four years' time. The tractor unit will work exclusively on the ABEC contract.

David Smith has provided the following details of costs:

Driver wages	£190 per driver, per day
Administration costs, insurance, VED etc	£15,000 per vehicle per annum
Cost per tyre	£200
Average life of tyres	40,000 km
Fuel price per litre	£1.20
Fuel consumption	6 km per litre
Maintenance costs	£0.27 per km
Ferry	Paid for by ABEC's customer

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